GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1438
ANSWERED ON:08.03.2002
PRIORITY SECTOR LENDING
RAJO SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have conducted any study to evaluate the performance of the various nationalized banks in regard to priority sector lending;

(b) if so, the loans advanced to priority sector areas out of the total loan amount provided by each public sector banks during the last three years, till date, State-wise;

(c) whether RBI has a monitoring mechanism to supervise/oversee the compliance of banks to its guidelines inregard to issuing credit/loans to priority sector upto 40%;

(d) if so, the number of banks which have not adhered or failed to comply with the guidelines; and

(e) the measures have been taken to penalize banks which have not complied the guidelines?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Performance of Public Sector Banksin lending to the priority sector is reviewed by Reserve Bank of India and also by Government of India at regular intervals with a view to formulate adequate policy responses to integrate and harness the financing agencies for provision of sufficient and timely credit as an integral part of the plan for the development of agriculture and other priority sector areas. However, no special study as such has been conduced to evaluate the performance of banks in regard to priority sector lending;

(b): The bank-wise and State-wise advances to priority sector during the last three years are given in Annexure-I and II respectively.

(c): As mentioned above, RBI has a monitoring mechanism in place for keeping track of the banks` performance vis-Ã -vis the priority sector stipulations as reflected in half-yearly and annual statements received from banks containing the related data. RBI take stock of the bank-wise achievement/shortfall position as on the reporting Friday of March every year;

(d): Two public sector banks have failed to achieve their priority sector lending targets as on the last reporting Friday of March 2001.

(e): Effective 1995, rural infrastructure development fund (RIDF) has been created in NABARD out of contribution by defaulting domestic banks for their failure to achieve targets in priority sector/agricultural lending. The RIDF funds are utilizedfor providing loans to State Governments/State owned corporations or bodies for undertaking new infrastructure projects or

completing existing projects relating to irrigation, soil conservation, watershed management and other rural infrastructure. Successive Annual Budgets have enhanced allocations to RIDFCorpus (the corpus of RIDF was Rs.2000 crore) and extended the scope of the fund to cover Gram Panchayats, Self Help Groups and certain other institutions like the Rural ElectrificationCorporation for developing rural infrastructure. The Union Budget for the year 2002-2003 has announced setting up of the VIIIth tranche of these fund, the corpus of which will be Rs.5500 crore.
STATE-WISE PUBLIC SECTOR BANKS` ADVANCES TO PRIORITY SECTOR AS ON MARCH 1998, 1999 AND 2000.

(Rs. in thousands)

NAME OF STATE/UNION TERRITORY	TOTAL PRIORITY SECTOR ADVANCES		
	1998	1999	2000
ANDHRA PRADESH	95968536	104098749	30150164
ARUNACHAL PRADESH	237868	299284	136285
ASSAM	10156843	11329827	6176554
BIHAR	31102546	36181534	15399144

GOA 3490108 4329047 1695747
GUJARAT 60184354 69376142 14539513
HARYANA 29873832 36779550 6594420
HIMACHAL PRADESH 5864951 6859561 3446690
JAMMU & KASHMIR 7378304 9235298 5443899
KARNATAKA 84699885 101291684 29925725
KERALA 51229701 57870251 27175603
MADHYA PRADESH 50268439 57524266 19436190
MAHARASHTRA 191250811 237312977 67447355
MANIPUR 1028583 1110957 443671
MEGHALAYA 623977 674202 460843
MIZORAM 227247 273501 201765
NAGALAND 594616 662653 240828
NCT OF DELHI 64334209 76487553 34182108
ORISSA 21009165 21233409 9408210
PUNJAB 56699579 68120223 13440912
RAJASTHAN 40942423 48654582 12474274
SIKKIM 246671 278235 192010
TAMIL NADU 126532802 140260885 28390941
TRIPURA 1324261 1387257 725037
UTTAR PRADESH 86545856 96199339 29780907
WEST BENGAL 59471512 65798984 17151802
ANDAMAN & NICOBER 168964 248879 150386
CHANDIGARH 5475874 7125947 1782689
DADRA & NH 278180 30381 49218
DAMAN & DIU 237189 206450 32869
LAKSHADWEEP 42655 47045 22910
PONDICHERRY 1562529 1528773 360806
ALL INDIA 1089052472 405097387 377065475